

DOCUMENT RESUME

ED 188 567

HE 012 931

TITLE Profiles of the SREB States. Organization for Coordination and Budgeting of Higher Education.

INSTITUTION Southern Regional Education Board, Atlanta, Ga.

PUB DATE 80

NOTE 73p.: Prepared for the SREB Annual Meeting (Palm Beach, FL, June 1980).

EDRS PRICE MF01/PC03 Plus Postage.

DESCRIPTORS Administrative Organization; *Budgeting; *Governance; Governing Boards; Government Role; *Higher Education; Power Structure; *State Boards of Education; State Government; *Statewide Planning

IDENTIFIERS Alabama; Arkansas; Florida; Georgia; Kentucky; Louisiana; Maryland; Mississippi; North Carolina; South Carolina; Tennessee; Texas; United States (South); Virginia; West Virginia

ABSTRACT

The theme of the meeting for which these profiles were prepared is "Coordinating Higher Education: Setting State Policies in the 80s." The profiles of the 14 states covered by the Southern Regional Education Board (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia, and West Virginia) summarize their structure for postsecondary education and budgeting. Among the elements described: the state-level coordinating and/or governing agency, institutional governing boards, 1202 Commission, state agency for vocational education, budgeting process, and legislative process for appropriation. A chart is included that gives a regional overview of the states' coordinating and budgeting systems. (MSF)

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Profiles of the SREB States

Organization for Coordination and
Budgeting of Higher Education

U.S. DEPARTMENT OF HEALTH,
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Prepared for the SREB Annual Meeting
The Breakers, Palm Beach, Florida
June 15-17, 1980

HE 012 931

Southern Regional Education Board

PROFILES OF THE SREB STATES

Organization for Coordination and
Budgeting of Higher Education

Southern Regional Education Board
130 Sixth Street, N.W.
Atlanta, Georgia 30313
1980

CONTENTS

	<u>Page</u>
Regional Overview	1
State Profiles	
Alabama	3
Arkansas	7
Florida	12
Georgia	17
Kentucky	20
Louisiana	24
Maryland	28
Mississippi	33
North Carolina	37
South Carolina	43
Tennessee	47
Texas	52
Virginia	58
West Virginia	63
Source Notes	68

The theme of the 1980 Southern Regional Education Board meeting is "Coordinating Higher Education: Setting State Policies in the 80s." Profiles of the 14 SREB states, summarizing their structure for public postsecondary education and budgeting, have been compiled in the following pages, as a background for discussion of this topic. Also included is a regional synopsis of selected responsibilities with which the 14 major state higher education agencies in these states are charged.

Regional Overview of Higher Education Coordination and Budgeting

State and Major State Agency	Tuition Set By	Type of Higher Educational Agency		Responsibility for Coordination			Responsibility for Budgeting					Responsibility for Program Review					
							Recommends Institutional Budgets	Recommends Systemwide Budget	Allocates Funds to Institutions	Applies to		Existing Programs		New Programs		Applies to	
		Governing/ Coordinating	Coordinating Only	Public Senior	Public Junior	Public Voc/Tech				Public 4-year	Public 2-year	May Recommend Discontinuance	May Require Discontinuance	Approval Required	Public 4-year	Public 2-year	
Alabama Commission on Higher Education	Institutions		X	X	X	X					X	X	X		X	X	X
Arkansas Department of Higher Education	Institutions		X	X	X		X				X	X	X		X	X	X
Florida Board of Regents	Legislature	X		X			X		X	X				X	X	X	
Georgia Board of Regents	Regents	X		X	X			X	X	X	X			X	X	X	X
Kentucky Council on Higher Education	Council		X	X	X		X				X	X		X	X	X	X
Louisiana Board of Regents	Institutions		X	X	X		X				X	X		X	X	X	X
Maryland State Board of Higher Education	Institutions		X	X	X		X				X	X	X		X	X	X
Mississippi Board of Trustees	Board	X		X				X	X	X				X	X	X	
North Carolina Board of Governors	Board	X		X				X	X	X			X	X	X	X	
South Carolina Commission on Higher Education	Institutions		X	X	X	X	X				X	X	X		X	X	X
Tennessee Higher Education Commission	Institutions		X	X	X		X				X	X	X		X	X	X
Texas Coordinating Board, Texas College and University System	Legislature		X	X	X		X				X	X		X	X	X	X
Virginia State Council of Higher Education	Institutions		X	X	X		X				X	X		X	X	X	X
West Virginia Board of Regents	Regents	X		X	X			X	X	X	X			X	X	X	X

ALABAMA

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Commission on Higher Education, the statutory coordinating agency for public higher education, was established in 1969. The Commission is composed of 10 members appointed by the governor and one each appointed by the lieutenant governor and the speaker of the House, and confirmed by the state Senate: seven are appointed from congressional districts and five from the state at large. All serve as at-large appointees. Each serves a nine-year term of office. The statutory authority of the Commission includes planning, coordination, approval of new academic programs, budget review for individual institutions, and recommendation of a consolidated budget for the state's public senior and junior institutions. The Commission is not a cabinet department. The executive officer of the agency is appointed by and serves at the pleasure of the Commission, subject to Senate confirmation.

Institutional Governing Boards

The state has two multicampus governing boards established by the state constitution with powers delineated by the state legislature--the Board of Trustees of the University of Alabama for three senior institutions and the Board of Trustees of Auburn University for two senior institutions. Each of eight other state universities has a separate governing board; one upper-division college and 20 junior colleges are governed by the State Board of Education.

1202 Commission

The Commission on Higher Education is the 1202 commission and, for 1202 functions, the Commission is augmented by the members of the former 1202 commission, representing all sectors of postsecondary education.

State Board for Vocational Education

The State Board of Education is the State Board for Vocational Education.

PART II: BUDGETING PROCESS

Five general points should be made about the funding formula which is used by the Commission on Higher Education:

--It is zero-based. Prior appropriations are not considered.

Every operation and maintenance (O & M) component is required to justify its total appropriation each year, not just any additions or increases.

--Differences in costs among disciplines and fields are considered.

--Differences in costs among levels (undergraduate, master's, doctoral) are considered.

--Estimates of actual costs are used for items over which the institutions have little or no control (e.g., utilities).

--The factors employed in the formula are applied uniformly to all institutions.

Budget Requests

The public institutions submit their budget requests simultaneously to the Commission on Higher Education and to the State Budget Office. The State Budget Office develops the budget request forms used by the institutions

and requires the universities to submit requests in programmatic form, as opposed to the expenditure object categories once used.

The Commission Budget Recommendations

The Alabama Commission on Higher Education presents a unified budget recommendation for all public postsecondary education institutions to the legislature prior to each legislative session. The Commission, with institutional involvement, begins early in the process to examine modifications of the components used in its funding formula for operations and maintenance recommendations. The recommendation for operating funds is developed, by and large, by the use of this formula, while separate line-item requests, primarily from the universities, are reviewed separately by the Commission staff.

The institutions are then allowed the opportunity to respond to the staff's preliminary recommendations before these recommendations are finalized and presented to the Commission for adoption. At the time of Commission adoption another opportunity is provided for institutions to speak to the recommendations, after which the Commission adopts a formal recommendation that is presented to the governor and the legislature.

Governor's Budget

By law, the governor is required to present to the legislature, no later than the fifth legislative day of each regular session, a proposed budget for the operation of all state agencies, including education. The recommendation is assigned to the Ways and Means Committee in the House and/or the Finance and Taxation Committee in the Senate for deliberation by these bodies.

Legislative Hearings

Traditionally, budget hearings have been held prior to each legislative session by a joint committee, usually composed of members of the appropriation committees (Ways and Means in the House and Finance and Taxation in the Senate) and augmented by special appointments made by each presiding officer. These hearings usually consist of a presentation by each institution (a representative of the segment of institutions in the case of the junior and technical colleges), as well as a presentation by the Commission staff of the Commission's recommendations and its suggestions for funding for the upcoming year.

Appropriation Bill

Appropriations are made directly to the 14 public universities. Appropriations to the junior colleges and technical colleges are made to an equalization account for each of those two segments from which the State Board of Education is provided the authority to distribute the funds to the institutions. In more recent years, the legislature has written into the appropriation bill a formula that would dictate the method the State Board is to use in allocation of the funds for the junior colleges. Little flexibility is left to the State Board in that case. The dollars appropriated are paid to the institutions in 12 equal monthly installments from the Special Education Trust Fund, a special fund for education purposes with earmarked revenues.

ARKANSAS

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Department of Higher Education, established in 1971, functions as a statutory cabinet department of state government charged with the coordination of postsecondary education in Arkansas. The State Board of Higher Education, the coordinating board for the department, is composed of 10 members appointed by the governor and confirmed by the state Senate. Each member serves a 10-year term of office. The department has statutory responsibility for planning and coordinating for public junior and senior institutions, and consideration is given to private and proprietary postsecondary schools within this planning. The department approves all degree-granting institutions and has statutory responsibility for budget review and recommendations and program review and recommendations for the public junior and senior institutions. The executive officer of the agency is nominated by the Board, confirmed by the governor and serves at the pleasure of the governor.

Institutional Governing Boards

Arkansas has six governing boards for public senior institutions, which are constitutional boards with powers delineated in the constitution. The University of Arkansas board, the Southern Arkansas University board and the Arkansas State University board are responsible for more than one campus; the other boards each govern a single institution. The six community colleges have local boards elected from the taxing district.

1202 Commission

The Postsecondary Education Planning Commission serves as the 1202 commission. The commission is the existing State Board of Higher Education, augmented by three members from the general public, one member from public vocational-technical institutions (also from the State Board of Education), and one representative of proprietary institutions.

State Board for Vocational Education

The State Board of Education serves as the State Board for Vocational Education.

PART II: BUDGETING PROCESS

By constitutional provision, allocation of operating funds to state agencies in Arkansas may not exceed state revenue. Each biennium the General Assembly enacts legislation that controls the flow of funding to each agency and relates it to the receipt of revenue. The act of appropriation is tempered by the Revenue Stabilization Act, which may restrict an agency to 95 percent, 90 percent, or some other portion of the amount appropriated if total revenue does not equal the total of appropriations for all state functions.

Presubmission Activity

The Arkansas budgeting sequence follows a biennial pattern. In the fall of odd-numbered years the Department of Higher Education, in consultation with an institutional budget advisory committee as well as executive and legislative budget staff, revises the appropriation formulas and considers budget priorities and strategies for the next biennium. In considering formula revisions, the

Department uses a computer model of the appropriation formulas to simulate the fiscal impact of alternative policies regarding faculty salaries, increases for non-salary items, increases for library acquisitions, etc. Decisions made about policies result in specific formula cost rates for the next biennium.

Before the Department makes final recommendations concerning formula revisions, the proposed changes are discussed with the college and university presidents and chancellors. The Department also projects enrollments for each college and university for the next biennium. The Department's projections are discussed with institutions and, in some cases, revised. The Department also develops a single set of forms to be used by institutions, the Department, executive, and legislative offices in making appropriation requests and recommendations. The formula revisions and appropriation request forms are incorporated into an instruction manual approved by the State Board of Higher Education at its January or April meeting and distributed to institutions.

Budget Requests

Institutions develop requests in the spring of even-numbered years. Requests are divided into four parts: (1) appropriation requests for expenditure categories based upon Arkansas Department of Higher Education (ADHE) formulas; (2) requests for funding in addition to formula amounts for expenditure categories which are based on ADHE formulas; (3) requests for non-formula expenditure categories on a justification basis; and (4) estimated unrestricted revenue available to support educational and general operations.

The estimated expenditures in the first three parts are totaled to arrive at unrestricted educational and general funding requirements, and available revenue is deducted to determine the net state general revenue requested for each year of the biennium.

Formulas have been developed for 10 expenditure categories. For other categories, institutions base appropriation requests on their own cost projections and must justify the need for funding.

Some institutions and agencies, such as the University of Arkansas Medical Sciences Campus, do not use formulas and base their entire request on institutional cost projections and justification.

State Board of Higher Education and Governor's Recommendations

Institutional requests are reviewed by Department of Higher Education staff during the following summer; funding recommendations are presented to the State Board of Higher Education in August; and final recommendations are adopted by the Board by September for presentation to the governor and legislature.

Although the State Board of Higher Education makes a consolidated recommendation, copies of the original institutional requests are also submitted to the General Assembly and the governor. Institutions can and do work for additional funds above the State Board recommendations for specific items. The governor's recommendations are made in October to the Legislative Council.

Budget Hearings

Hearings are held before the Legislative Council in November, at which time the recommendations of the Legislative Council are forwarded to the General Assembly which convenes in January.

Appropriation Bill

In April, the General Assembly adopts legislation appropriating general revenues to each of the colleges and universities and establishing the allocation rate in the Revenue Stabilization Act. The chief fiscal officer of the state subsequently allocates funds monthly to each agency of the state. Institutions are required to follow strictly defined state processes in expending their funds, but can set their own priorities.

FLORIDA

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The nominal policy-making and governing body for public education in Florida is the State Board of Education. The Board, which is also the Florida cabinet, is composed of seven persons each of whom serves in an ex officio capacity by virtue of the elected office held--the governor, secretary of state, state treasurer, attorney general, commissioner of agriculture, state comptroller, and commissioner of education--and has constitutionally defined legal status. The State Board of Education has statutory responsibility for reviewing individual institutional budgets, general budgetary review, and making consolidated budget recommendations for all public senior and junior institutions.

Institutional Governing Boards

Under the jurisdiction of the State Board of Education are the Board of Regents of the State University System (BOR) and the Division of Community Colleges in the State Department of Education. The Board of Regents of the State University System was established in 1965, and governs the nine public senior institutions under statutory authority. Members of the Board are appointed by the governor with the approval of three cabinet members and consent of the Senate. The 10 members, one of whom is a student, are representative of the general public. The Board has statutory responsibility for planning, institutional budget review and consolidated budget recommendations,

and program approval for all public senior institutions. The executive officer of the Board is appointed by the Board and serves at the Board's pleasure. The Division of Community Colleges, working with the recently established Community College Coordinating Board, has statutory responsibility for planning, institutional budget review and consolidated budget recommendations, and program approval for all 28 public community colleges in the state.

1202 Commission

The 12-member Florida Postsecondary Education Commission serves as the 1202 commission and is appointed by the commissioner of education and confirmed by the State Board of Education. The Commission includes four members from the public at large, three representatives from the public universities, two representatives from the public community and junior colleges, and one representative each from the public vocational schools, private colleges, and private proprietary institutions.

State Board for Vocational Education

The State Board of Education is the State Board for Vocational Education.

PART II: BUDGETING PROCESS

Formulation of higher education operating budgets in Florida is characterized by: (1) use for the last ten years of an extensive productivity-based formula which generates approximately 80 to 90 percent of the budget requests of the senior institutions; (2) a reasonably even division of influence and power among the various state-level agencies involved in

budgeting; and (3) a recently inaugurated "quality improvement" funding plan, whereby resources beyond those generated by formula are allocated to designated disciplines. The community college budget is based on cost factors. Florida has an annual budget with a fiscal year beginning on July 1.

Presubmission Activity

Budget instructions are issued to BOR by the Division of the Budget, Department of Administration (DOA) in late July. The Department of Education (DOE) issues instructions and guidelines which are supplemental to those issued by DOA. A committee, with one representative from each institution, meets 15 to 20 times each year to discuss budgetary procedures.

Budget Requests

The State University System of Florida (SUSOF) generates a total budget request for all institutions, employing formulas and data supplied by campuses. Institutions are given budget base figures, so that their requests to BOR staff in June or July include only requested increases over the base amount. Priorities set by the university presidents are documented between July and September. DOA receives a preliminary budget in October, makes changes, and returns it to BOR for correction. The BOR request is reviewed by DOE and presented to the Board of Education in October, prior to final submission to DOA by November 1. The legislature receives copies of the request at this time.

Review and Analysis

BOR builds a budget base largely with the aid of formulas. BOR reviews new programs, then decides upon a dollar total that would be available for new or expanded programs over and above what the formula generates. Productivity criteria are used to eliminate ongoing programs. DOA relies upon the latest fall enrollments for its work, and uses these to adjust BOR figures if necessary. The House Appropriations Committee staff start with the BOR request and, from their own data, develop their recommendations. The Senate Ways and Means Committee staff prepare an analysis of the agency request and the governor's recommendation for each budget entity, identifying decision points and/or major policies and issues and dollar implications.

Hearings

BOR staff budget hearings between the chancellor and the university presidents are usually held in late July. The chancellor and presidents develop a gross estimate of need, based upon student-driven models, inflation factors, and special needs. In December or January, DOA holds a conference with high-level officials from both BOR and DOA staffs. The governor holds public hearings early in January.

Governor's Budget

The governor's budget is submitted to the legislature in March. The budget is in program format. The educational and general (E&G) entity, however, is summarized by object of expenditure, e.g., salaries, other personal services, expenses, operating capital outlay, special categories. There is no narrative justification, but DOA changes in the BOR request are shown.

Legislative Hearings

A subcommittee of the Senate Ways and Means Committee holds preliminary hearings with Board of Regents' staff in December or January. The House Appropriations Committee subcommittees and staff hold daily meetings with BOR staff two or three weeks before legislative sessions. Both houses hold hearings in March or April, when testimony is presented by BOR, DOE, and DOA staffs.

Budget Bill

Each house passes a budget bill. A conference committee negotiates the final bill. There is a single consolidated bill for all state activity. Funds are appropriated within the E&G program according to object of expenditure. The appropriation is made to SUSOF.

Control and Veto

Legislative control is exercised partially through the expression of intent in statements accompanying the budget bill. The legislature appropriates positions; DOA maintains rigid position controls. Legislative intent also sets the growth rates for enrollments at the "beginning graduate" and "advanced graduate" levels. The governor has line-item veto authority but cannot reduce items within lines. While his veto powers have a marginal impact on action in general, because it is rarely practical to veto an entire line of the SUSOF appropriation, impact in the facilities area has recently been growing markedly.

GEORGIA

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Board of Regents of the University System of Georgia functions as the single governing board for all public higher education in the state. The Board was established in 1931. The Regents consist of 15 members appointed by the governor with the consent of the Senate. All members represent the general public and serve seven-year terms of office. The Board has statutory responsibility for planning and coordination, institutional budget review including recommendations for a consolidated budget, and program approval over 15 public junior, 13 senior colleges, and 4 university-level institutions. Georgia does not have a state office of secretary of education and the Regents do not function as a cabinet department. The executive officer of the Board is appointed by and serves at the pleasure of the Board.

1202 Commission

The Governor's Committee on Postsecondary Education serves as the 1202 commission in the state. The commission has 15 members and is chaired by the governor. The Committee includes representatives of public colleges, public vocational-technical schools, proprietary schools, local school systems, the business community and lay citizens.

State Board for Vocational Education

The State Board of Education serves as the State Board for Vocational Education.

PART II: BUDGETING PROCESS

Institutional Request

The University System of Georgia operates on an annual budget cycle. In June, the Board of Regents' staff collects enrollment projections from each institution in three categories--lower, upper, and graduate and professional levels. These enrollment data are applied to an enrollment-based formula that generates total dollars to be requested for resident instruction in the entire system. Funds for the teaching hospital, agricultural experiment stations, cooperative extension service, capital outlay and other special programs are requested on their own bases.

Board Recommendation

The Board of Regents request corresponds to a format used by the Office of Planning and Budget in the executive branch of state government. The budget request is organized by line-item and also has certain categories for special programs, for capital outlay, and for salary increases and inflationary allowances. The staff of the Board compiles the request and recommends it to its finance committee. The full Board then acts on the request, which is officially submitted to the Office of Planning and Budget by September 1.

Governor's Budget

The Board of Regents meets with the governor in November. The governor subsequently informs the chairman of his likely recommendation. The governor makes his final recommendation in January at the beginning of the legislative session.

Legislative Hearings

A hearing is held jointly by the Appropriations committees of both the House and Senate. The Chairman of the Board and Board staff represent the colleges and universities in these hearings, although occasionally representatives of professional schools or special programs will attend.

Appropriation Bill

The legislature appropriates all funds to the Board of Regents, according to personal services, operations, capital and categorical programs.

Allocation

The Board of Regents controls the allocation of funds to the individual institutions. The Board determines each institution's need and subtracts the funds to be generated by the college's own operations and student tuition. The difference is funded by the state funds. The process of determining financial need begins in January, with each institution presenting its special funding concerns. Before June 1, each institution submits to the Board a detailed budget, by line-item and by position. The Board monitors the budgeted and actual expenditures throughout the year. The Office of Planning and Budget monitors the budgets on a quarterly basis.

KENTUCKY

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Council on Higher Education, established in 1934, serves as a statutory coordinating agency for the state. The Council consists of 21 members, including 10 voting members representative of the general public, who are appointed by the governor and serve six-year terms of office. Eleven members serve in an ex officio capacity: eight university presidents who are nonvoting members, one nonvoting member from the State Board for Elementary and Secondary Education, one nonvoting member from the State Board for Occupational Education and the state superintendent for public instruction who is a voting member. The Council has statutory authority for comprehensive planning, institutional budget review, consolidated budget recommendations, approval of all degree programs, review and approval of capital construction or renovation projects exceeding \$100,000 in costs, and determination of tuition/fees and entrance requirements for the public institutions. The state has a secretary for education and arts; however, the Council is an independent board reporting to the governor. The executive officer of the agency is appointed by the Council.

Institutional Governing Boards

There are eight institutional governing boards for the public institutions in Kentucky. The Board of Trustees of the University of Kentucky governs 13 public community colleges and the senior institution. Each of

the other seven boards governs a single institution: the Board of Trustees of the University of Louisville, the Board of Regents of Eastern Kentucky University, the Board of Regents of Kentucky State University, the Board of Regents of Morehead State University, the Board of Regents of Murray State University, the Board of Regents of Northern Kentucky University and the Board of Regents of Western Kentucky University.

1202 Commission

The Kentucky Advisory Council on Vocational Education serves as the 1202 commission.

State Board for Vocational Education

The State Board for Occupational Education is the State Board for Vocational Education. Operational responsibility for public programs outside colleges and universities lies with the State Department of Vocational Education.

PART II: BUDGETING PROCESS

Kentucky has a biennial budget, with appropriations in even-numbered years.

Presubmission Activity

Beginning in the fall of even-numbered years, after the budget has been allocated, the Kentucky Council for Higher Education begins reviewing the formats, guidelines, formulas, and data bases for the next biennium. Studies are conducted of special issues that are expected to be prominent in the

submission process over the next year and a half. In the early summer of odd-numbered years, the Council sends the budget guidelines to the institutions. The guidelines indicate the program categories to be used. Over the past years, the Department of Finance, which is the executive budget office, and the Council have worked toward using one set of guidelines and formats for budget requests. This understanding is important, since the formal guidelines from the Department of Finance are circulated in August, which is after the Council's instructions have gone out.

Institutional Requests

Each institution submits a request to the Council by late August of odd-numbered years. This is followed in September by a personal presentation to the Council staff by the president of each institution.

Council Review and Recommendations

The Council reviews each institutional request according to formula guidelines and salary increase policy. This review is facilitated by the Uniform Financial Reporting System for Kentucky colleges.

After reviewing the requests and hearing the presidents' presentations, the Council compiles an initial recommendation, to which the president of each institution responds. After these institutional hearings, the Council staff forwards its recommendation to the Financial Affairs Committee of the Council, which then recommends to the full Council. By the middle of November, the Council submits its recommended institutional budgets to the Department of Finance.

Governor's Budget

The Department of Finance reviews the Council's recommendation. Public higher education is assigned a "policy advisor" from the Office for Policy and Management in the Department of Finance. The governor presents his budget in mid-January.

Legislative Hearings

Hearings are held by the Appropriations and Revenue Committees in both the House and the Senate. The Council staff represents the institutions, although institutional leaders can and do attend.

Appropriation Bill

Appropriations are made directly to the public institutions, usually in April of even-numbered years. After the bill is passed, the Department of Finance writes a final budget memorandum to each institution, specifying the general intent and categories of expenditure. By June, the institutions develop their operating budgets, which provide the basis for the next year's expenditures.

LOUISIANA

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Board of Regents, created in 1974, serves as the constitutional statewide coordinating agency for postsecondary education. The Board consists of 15 members appointed by the governor with the consent of the Senate. All 15 members represent the general public and serve staggered six-year terms of office. The Board has constitutional authority for planning and coordination for all public senior and junior institutions of higher education and constitutional responsibility for institutional budget review, recommending a consolidated budget and program approval for public senior and junior institutions. Proposed and existing degree programs are subject to Board approval. The executive officer of the Board is appointed by the Board and serves at the Board's pleasure. The cabinet position of Secretary of Education is held by the elected Superintendent of Public Instruction, whose responsibility lies in the elementary and secondary area.

Institutional Governing Boards

The three institutional governing boards existing in the state were created by the 1974 constitution. Each board has 18 members appointed by the governor with the consent of the Senate (17 representatives from the general public and one student member). The three governing boards are:

- (1) the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, governing two public junior colleges, three public

senior colleges, a law center, an agricultural extension center and a medical center; (2) the Board of Supervisors of Southern University and Agricultural and Mechanical College, responsible for one public junior college and two public senior institutions; and (3) the Board of Trustees for State Colleges and Universities governing eight public senior institutions and one public junior college.

1202 Commission

The Board of Regents serves as the 1202 commission.

State Board for Vocational Education

The State Board of Elementary and Secondary Education is the State Board for Vocational Education.

PART II: BUDGETING PROCESS

Formula budgeting for higher education has been used in Louisiana since 1974. The primary factors that comprise this formula are average faculty salaries, student-teacher ratios, and average full-time-equivalent student courseloads. Each year the Regents' staff adjusts faculty salaries to reflect current averages prevalent in the Southern Regional Education Board area. Some of the postsecondary education enterprise is funded on a non-formula basis.

The formula technique, as utilized in Louisiana, is founded upon equity and adequacy of the state funds distributed to institutions. This formula does not take into account an institution's geographical location. It considers the role and scope of an institution only to a limited extent

through recognition of student credit-hour production for "low-cost" and "high-cost" categories and at six student levels. The formula does, however, contain an inflation factor which provides a minimum level of new funds to every institution. Also, all institutions receive a base factor which is intended to offset the various economies and diseconomies of scale.

The formula is utilized for the generation and distribution of funds and not for any internal allocation purposes.

Presubmission Activity and Budget Requests

In the early fall of the year, the Executive Budget Office sends budget instructions and forms to each campus. The official budget request document is due in the Budget Office no later than December 15 of each year. Each institution's budget request is transmitted through the respective management board to the Board of Regents, who in turn forward requests to the Budget Office.

Board Review

In late January or early February of each year, the Board of Regents holds its annual budget hearings. This is the principal time in the budget cycle when higher education requests are subjected to in-depth examination. During this hearing, both the operating and capital outlay budget requests for each institution, as well as the operating requests of the three management boards, are scrutinized by the Regents' finance committee. The members are supported in this budgetary analysis by a professional staff. The product of this intensive review is a set of comprehensive recommendations for higher education. These recommendations are transmitted in the early spring of the year to the Executive Budget Office, Legislative Fiscal Office, and Legislative Budget Committee.

Legislative Budget Committee Recommendations

When the legislature convenes in late spring of the year, it also has a set of general recommendations for state spending, which has been produced by the Legislative Budget Committee. This committee is comprised of the members of the House Appropriations Committee and the Senate Finance Committee.

Appropriation Bill

Appropriation bills in Louisiana may be introduced only in the House. The House Appropriations Committee holds hearings on the appropriation bill in late spring and early summer. Recommendations from this committee are a result of meshing recommendations from the executive branch's Budget Office and the Legislative Fiscal Office. Because Louisiana has a strong executive branch, most of their recommendations become part of the appropriation bill and eventually law.

During the appropriations process, the executive branch decides how many new state dollars will be allocated for higher education and the formula is funded at that implementation level.

After the House Appropriations Committee and Senate Finance Committee agree on spending priorities, and the House and Senate approve the appropriation bill, it is sent to the governor for signature. The bill becomes law on the first day of the new fiscal year. State formula funds are appropriated to the institution in a lump sum. The institution's administration then determines the best internal allocation and returns an operating budget to the Division of Administration and the Legislative Budget Committee for final approval. This operating budget approval process is usually completed halfway through the fiscal year for which the funds have been appropriated.

MARYLAND

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The State Board for Higher Education consists of 11 members, all appointed by the governor with the advice and consent of the Senate for five-year terms. Board members are eligible for reappointment but no member may serve more than two full five-year terms. The State Board for Higher Education has the following major statutory responsibilities: (1) to review operating and capital budgets and capital projects of public institutions and to make recommendations consistent with the statewide master plan; (2) to prescribe minimum degree requirements for public and private institutions; (3) to review and approve new academic programs; (4) to administer state funds received by private institutions according to the aid to nonpublic institutions of higher education law; and (5) to coordinate educational policies with the State Board of Education, the state public school agency, through the Educational Coordinating Committee. The commissioner of higher education is the board's chief executive officer and a member of the governor's cabinet. The commissioner is appointed by the board for a four-year term and is eligible for unlimited reappointment.

Institutional Governing Boards

The state system of public higher education consists of three major segments. The Board of Regents of the University of Maryland governs the branches of the university. The Board of Trustees of the State Universities

2

and Colleges governs one university and five public senior colleges. The State Board for Community Colleges serves as a statutory coordinating agency for 17 community colleges that are governed by local boards. Additionally, St. Mary's College and Morgan State University, both senior public institutions, are governed by their own boards of trustees.

1202 Commission

The State Board for Higher Education serves as the state's 1202 commission.

State Board for Vocational Education

The State Board of Education is the State Board for Vocational Education.

PART II: BUDGETING PROCESS

Preliminary Estimates

Each of the sectors in Maryland postsecondary education follows a slightly different process in submitting a preliminary estimate of need.

These preliminary estimates for Maryland postsecondary education are submitted to the governor through his staff agency, the Department of Budget and Fiscal Planning (DBFP) and State Board for Higher Education (SBHE).

The State Board holds hearings on the preliminary requests and makes recommendations for funding to the governor.

The Department of Budget and Fiscal Planning analyzes the segment requests and the recommendation of the State Board in preparing its recommendation to the governor. The governor receives a recommendation as to the level of General Funds support that should be made available to each of the state's agencies and departments.

Maximum Agency Request Ceiling (MARC)

On or about the first of June, the governor makes the final determination of the Maximum Agency Request Ceiling (MARC) for each agency. This is the maximum amount of General Fund revenue that may be included in the budget request of each agency.

The process is basically one of determining: (1) the cost of the programs authorized and funded in the budget that has just been approved; (2) any additional resources required to fund new legislation, new facilities, quality improvements, or programmatic changes desired by the governor; (3) the resource savings that may occur from either across-the-board efforts or special program reductions desired by the governor; and (4) the amount of additional General Funds needed or saved by altering either the fee levels at state institutions or the support available from federal sources. The whole process is oriented toward the development of numbers that are consistent with the expected level of state General Fund revenue.

Once each institution, campus, and agency has received its MARC, it knows the maximum amount of General Funds that it can use in its budget request. The institution or agency then reevaluates the need and determines what change, if any, will be required in other funding sources in order to support its programs.

Budget Requests

On September 1 the budget requests from all of the higher education institutions and agencies are provided to the State Board for Higher Education and to the DBFP. SBHE uses a formula-derived guideline

technique to analyze the six primary budgetary programs in the institutional budgets. Those programs that are not amenable to formula-based analysis are analyzed in terms of their relationship to the programs approved by the Board, as well as to their impact on the implementation of the Maryland Statewide Plan for Postsecondary Education. After preliminary analysis by the Board, hearings are again held, giving the institutions an opportunity to present and explain their requirements.

Consolidated Budget of the State Board

Following subsequent analysis, SBHE presents a consolidated operating budget to the governor during the first week in November. The consolidated budget includes the Board's recommendation on funding from all sources for each institution, board, and agency, including recommendations for General Fund support above the MARC, if that is determined necessary.

DBFP Recommendation and Governor's Budget

The Department of Budget and Fiscal Planning analyzes all of the available information and presents a recommended budget to the governor. This budget is on a line-item basis for each program at each campus or institution. The DBFP has the SBHE's recommendations available to it when it prepares its recommendations.

The governor then weighs the recommendations of DBFP and SBHE to develop his budget request. The governor, at the beginning of each legislative session, about mid-January, presents to the General Assembly a complete plan of proposed expenditures, balanced by estimated revenues.

Legislative Budget Bill

The General Assembly has the final voice on the budget. It cannot increase the appropriations set forth in the executive budget, but, with certain exceptions, is permitted to decrease them.

The Department of Fiscal Services conducts a study and review of operating and capital budgets during all stages of preparation and consideration and prepares a report for presentation to the General Assembly at the opening of regular sessions, making recommendations on all appropriations.

After the budget bill has been passed by both houses, the General Assembly may make additional appropriations in supplementary appropriation bills, provided that each such bill includes a revenue measure to pay for it.

The budget bill as passed becomes law immediately and is not subject to executive veto. The governor may veto a supplementary appropriation bill.

Executive Budget Bill

The culmination of the resource-allocation process is the enactment of the executive budget bill with legislative changes. For higher education, the appropriation is at program level (e.g., instruction, library) by funding source for each institution. All funds used in higher education are appropriated by the state, including special and federal funds.

MISSISSIPPI

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Board of Trustees of Institutions of Higher Learning, established in 1910 and reorganized in 1944, exercises constitutional governing authority over eight public institutions in the state. The Board consists of 13 members, appointed by the governor with the consent of the Senate, who represent the general public and serve 12-year terms of office. The Board has statutory authority for planning and coordination, institutional budget review and consolidated budget recommendations, and program approval for the eight senior institutions that it governs. The state does not have an office of secretary of education and the board does not serve as a cabinet department. The executive officer of the Board is appointed by the Board and serves under a four-year contract. The Division of Junior Colleges of the State Department of Education functions as a statutory regulatory and coordinating agency for the state's 16 public junior colleges.

1202 Commission

The Postsecondary Educational Planning Board serves as the state's 1202 commission. There are 27 members of the board, appointed by the governor, with seven representing the general public, 11 for public institutions, two each representing private institutions, proprietary institutions and faculty, and one each representing vocational-technical institutions, the student body, and "other."

State Board for Vocational Education

The State Board of Education functions as the State Board for Vocational Education.

PART II: BUDGETING PROCESS

Formulation of higher education operating budgets in Mississippi is characterized by: (1) the absence of an executive budget; (2) a statewide fiscal staff under a joint executive-legislative commission; (3) a consolidated governing board request generated almost entirely by a comprehensive formula serving both for request and allocation purposes; (4) a lump sum appropriation to the consolidated board for allocation to institutions; and (5) analysis and allocation of the appropriation by the consolidated governing board with approval of the allocation by the joint commission prior to the beginning of the fiscal year. Mississippi has an annual budget with a fiscal year beginning July 1.

Presubmission Activity

The Commission of Budgeting and Accounting (CBA) issues budget instructions to the institutions in mid-summer. In August, the institutions send to the Board a budget request based on their perceived needs. At the same time, the Board prepares the official legislative budget request by use of a formula. The institutions then revise their requests in line with the formula-calculated amount for each institution. Review and analysis by Trustees' staff and CBA staff is completed in September.

Trustees' Hearings and Request

In September, the Trustees hear campus requests in approximately one-half day. Usually late in September, the Board consolidates the institutions' requests and presents to the Budget Commission a lump-sum appropriation request. Requests are shown by campus and also by a three-campus "university" cluster and a five-campus "college" cluster. Under the revised formula procedure, there are three institutional categories: institutions with programs through the doctoral level, institutions with programs through the educational-specialist level, and institutions through the master's level. Support for institutional programs, representing approximately 90 percent of the Trustee's request, is justified by a comprehensive formula which is based on the relationship between costs of instruction and the costs of other functions.

The cost study is done by combining the institutions into groups and deriving a cost by level by HEGIS discipline for each group. In addition, the amount for instruction, research, other institutional costs, and self-generating income is calculated by using different factors for each group.

CBA Hearings and CBA Budget Report

The Trustees' request is heard by CBA in approximately one-half day in October. It is presented by the Trustees' executive director, but campus administrators are present to defend or explain particular requests. There is no governor's budget in Mississippi. However, in October, CBA prepares a report to the legislature containing CBA recommendations. Although the report displays prior campus expenditures and current requests, CBA recommendations are on a consolidated basis for the system as a whole.

Legislative Hearings

The Trustees' request and CBA recommendations are heard by the Senate Finance and House Appropriations and Ways and Means Committees beginning in January. Hearings with the Trustees last about three hours, with emphasis on the appropriateness of the formulas.

Budget Bill

CBA staff draft the budget bill. The appropriation to the Trustees is essentially a lump sum. Approximately 90 percent of the funds are in a single line for support of institutional programs. Appropriations are also made to the remaining four categories used in CBA recommendations.

General control language specifying allowable tuition changes and required ceilings for institutionally generated funds appears in the budget bill. The governor has a line-item veto authority but cannot reduce appropriations within lines.

Trustees' Allocation

Following enactment of the consolidated budget, and before the beginning of the fiscal year, the Trustees allocate the appropriation among the campuses and develop operating budgets.

NORTH CAROLINA

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Board of Governors of the University of North Carolina is composed of 32 members, eight of whom are elected by the legislature every two years. Each group of eight must include a minimum of one woman, one member of a minority race, and one member of the party which constitutes the minority in the legislature. All 32 members, serving eight-year terms of office, are deemed members-at-large, charged with the responsibility of serving the best interests of the whole state. The Board has statutory authority for planning and developing a coordinated system of higher education. It also functions as the statutory governing agency for 16 senior public institutions in the state and administers statewide federal or state programs that provide aid to institutions or students of postsecondary education through an agency, except those related exclusively to the community college system. In addition, the Board has statutory authority for program approval and making consolidated budget recommendations for public senior institutions. The chief administrative officer of the university, the president, is elected by the Board and serves at the pleasure of the Board.

In 1979, legislation was passed establishing a separate community college board, effective in 1981. Currently, the State Board of Education has statutory authority for 21 community colleges and 36 vocational-technical institutions. The 57 institutions are immediately responsible to two state-level executives, the state president and the controller of the State Board of Education.

North Carolina does not have an office of secretary of education, and the Board of Governors does not serve as a cabinet department but gives advice and recommendations concerning higher education to the governor, the General Assembly, the Advisory Budget Commission, and the boards of trustees of the institutions.

Institutional Governing Boards

A 12-member board of trustees, with the president of the student government of the institution as an ex officio member, is provided for each of the 16 senior public institutions. Responsibilities are largely delegated by the Board of Governors. Each community college and technical institute is governed by a board of trustees consisting of 13 members, with the president of the student government or the chairman of the executive board of the student body of each community college and technical institute as an ex officio, nonvoting member of the board of trustees of each institution.

1202 Commission

A 1202 commission has not been designated in the state of North Carolina.

State Board for Vocational Education

The State Board of Education functions as the State Board for Vocational Education.

PART II: BUDGETING PROCESS

Presubmission Activity

The president of the university, in the fall of odd-numbered years, receives from the Office of State Budget and Management (OSBM) budget instructions which include general guidelines established by the governor as director of the budget, The Advisory Budget Commission (ABC), and the OSBM.

- (a) The instructions first identify the types of increased operating costs that may be included in the continuation budget requests. This identification is specific and restricted by directive from OSBM. Acceptable increases over the authorized expenditure levels of the current year are generally limited to the address of increases mandated by state law, federal statute, or responsive to identifiable rate increases in effect at the time of the budget submission.
- (b) The instructions relating to academic salary increase requests reflect conclusions reached by the president after consultation with the Board committees on personnel and tenure and budget and finance and with the chancellors.
- (c) The program improvements and expansions and capital improvements budget instructions provide only general guidelines as to the total level of institutional estimates and emphasize the need for establishment of institutional priorities.

Budget Requests

Upon receiving instructions and guidelines from the president, each constituent institution, by July of even-numbered years, proceeds to prepare its budget estimates. The internal procedure for assuring the involvement of the faculty and staff in the preparation of the institutional estimates is determined by the chancellor.

Board Review

The review procedures for campus budget estimates, in September, are:

- (a) Continuation budgets are reviewed by the vice president for finance and his staff for general consistency and conformance with instructions.
- (b) A Budget Committee, headed by the vice president for academic affairs and composed of senior members of the president's staff, reviews all campus budget estimates for program improvements and expansions and capital improvements.

The Board Recommendations

After receiving the recommendations of the vice president for finance and the budget committee, the president confers individually with the chancellors of the constituent institutions and then prepares his budget recommendations for consideration by the Board's Committee on Budget and Finance. All proposed requests for appropriations for program improvements and expansions and capital improvements are summarized in the schedule of priorities and supported in appropriate detail.

The Board's Committee on Budget and Finance considers the budget proposed by the president and, upon its approval, submits the budget to the Board of Governors.

The Board of Governors considers and takes final action on the budget following approval by its Committee on Budget and Finance. The Board's budget request is submitted to the governor and the ABC in October.

Governor's Recommendations

ABC hearings, at which the president represents the university, are held and final recommendations are made in November. The governor and the ABC forward recommendations on the university's budget request to the General Assembly in January of odd-numbered years as a part of the comprehensive state budget recommendations.

Legislative Hearings

The president represents the university in hearings held by the legislative committees considering the university's budget, a process that continues throughout most of the legislative session.

Appropriation

The General Assembly appropriates funds to the university by June of odd-numbered years. Continuation budgets are appropriated directly to the 16 constituent institutions. Academic salary increase funds are appropriated to the Board of Governors in a lump sum for allocation to the constituent institutions. Funds for program improvements and expansion and capital improvements are also appropriated to the Board in a lump sum.

Upon receipt of the notice of appropriations, each institution is given the opportunity to reassess its earlier estimates and priorities. The president then prepares and presents to the Committee on Budget and Finance recommended allocations of the lump sum appropriations. The Committee's report is then submitted to the Board of Governors and final action is taken on the allocations. These allocations, in combination with the direct appropriations to the campuses, constitute the approved operating and capital budgets for the institutions.

Limited transfers of funds between budget purposes and objects of expenditures within an established institutional operating budget may be approved by the director of the budget.

SOUTH CAROLINA

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Commission on Higher Education is the statutory coordinating agency for higher education. The Commission consists of 18 members appointed by the governor, three from each of the state's congressional districts. Of these, two from each district are appointed with the advice and consent of the legislative delegations within the district, and one from each district is appointed on nomination by the legislative delegations within the district. Terms of office are four years, and no member may serve more than two consecutive terms. The chairman is elected for a one-year term by the members, and may not serve as chairman more than four consecutive years.

Amendments adopted in 1978 require the Commission to prepare and maintain a master plan for higher education; to the Commission's responsibility to approve new programs in public institutions, add the authority to recommend to any of the public institutions' governing boards the termination of an existing program; and require the Commission to review, modify as necessary, and present to the General Assembly appropriation requests from the State Board for Technical and Comprehensive Education in the same manner as required for other institutions. The executive officer of the Commission is appointed by and serves at the pleasure of the Commission. South Carolina is not organized into cabinet-level departments, and there is no office of secretary of education.

Institutional Governing Boards

The eight institutional governing boards include boards of trustees for Clemson University, the Medical University, South Carolina State College, and Winthrop College, and the Board of Visitors for the Citadel, each governing a single institution. The Board of Trustees of the University of South Carolina governs four senior and six two-year branches; the State College Board of Trustees governs three senior institutions. The State Board for Technical and Comprehensive Education governs 16 two-year technical education institutions and has statutory responsibilities for coordination with the Commission on Higher Education.

1202 Commission

The Commission on Higher Education serves as the 1202 commission.

State Board for Vocational Education

The State Board of Education is designated the State Board for Vocational Education and, as such, governs 58 vocational education centers. Vocational-occupational education programs are also conducted by the 16 technical education institutions under the State Board of Technical and Comprehensive Education and by many junior and senior public and private colleges. Coordination by the State Board of Vocational Education with the Commission is voluntary.

PART II: BUDGETING PROCESS

Presubmission Activities

Early each year, the Commission requests suggestions for improvement of the appropriation formula to be used in the forthcoming budgetary cycle from all public senior college and university presidents, as well as Commission members and interested legislative and executive governmental agency heads. These suggestions, as well as those from the Commission staff, are reviewed by the Commission's Business and Finance Committee. The Committee's recommendations are presented in April to the full Commission, which adopts a revised formula in May.

In April, the Budget and Control Board advises the Commission of the tentative allocation of state funds for the colleges and universities during the fiscal year beginning 15 months later. The Commission reallocates these funds on the basis of the appropriation formula and notifies the institutions.

Budget Requests

On July 1, each public senior college and university submits its tentative budget request, computed primarily by formula, to the Commission.

Early in August, the presidents of the public senior colleges and universities and the executive director for the State Board for Technical and Comprehensive Education make oral presentations to the Commission in support of the tentative budgetary requests submitted earlier. The Commission's Business and Finance Committee meets the following day to consider the budgetary documents, oral presentations, and staff analyses to

formulate the Commission's recommendations to the full Commission. A week later, the full Commission meets to consider the Business and Finance Committee's recommendations and to determine the Commission's recommendations to the Budget and Control Board and to the General Assembly.

Commission Recommendations

In late August, the Commission appears before the Budget and Control Board, the Senate Finance Committee, and the House Ways and Means Committee to recommend appropriations for the following fiscal year. In mid-September, the Commission's recommendations are adjusted, taking into consideration the latest actual fall enrollments.

Budget and Control Board Recommendations

In mid-October, the institution's final budget requests are submitted to the Budget and Control Board in accordance with the Commission's adjusted recommendations. By November 15, the recommendations of the Budget and Control Board are completed and a printed document is submitted to the legislature by January 1.

Budget Bill

The appropriation bill is developed by the Ways and Means Committee of the General Assembly. The higher education appropriations are included in a general appropriation act for all of state government, which originates in the House and proceeds to the Senate. After any necessary conference committee action, the bill is passed and forwarded to the governor for signature or veto. The governor has item veto power.

TENNESSEE

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Tennessee Higher Education Commission (THEC), established in 1967, serves as the statutory coordinating agency for postsecondary education in Tennessee. The Commission consists of nine members, representative of the general public, appointed by the governor for a nine-year term of office. The Commission has statutory responsibility for planning and coordination for public junior and senior institutions and technical institutes, and conducts planning and coordination activities as a matter of policy for those institutions as well as for private institutions. As a matter of policy, and with statutory authority, the Commission reviews institutional budgets and reviews and makes budget recommendations for public junior and senior institutions and technical institutes. In addition, the Commission has statutory authority to approve programs for public junior and senior institutions and technical institutes. Tennessee does not have an office of secretary of education and the Commission does not serve as a cabinet department. The executive officer of the Commission is appointed by the Commission and serves at the pleasure of the Commission.

Institutional Governing Boards

There are three primary institutional governing boards in the state:

(1) the Board of Regents of the State University and Community College System, which exercises statutory responsibility for 10 junior and six senior public

institutions, (2) the Board of Trustees of the University of Tennessee which exercises statutory authority for four senior institutions and (3) the State Board of Education which governs four postsecondary technical institutes that offer collegiate degrees.

1202 Commission

The Higher Education Commission serves as the Tennessee 1202 agency.

State Board for Vocational Education

The State Board of Education is the State Board for Vocational Education.

PART II: BUDGETING PROCESS

Formulation of higher education operating budgets in Tennessee is characterized by: (1) the strong influence of the Tennessee Higher Education Commission (THEC); (2) a comprehensive system of formulas which generates approximately 85 percent of the institutional appropriation requests; and (3) the dependence of the executive budget office and legislative fiscal staffs upon THEC for all information about higher education activities. Tennessee has an annual budget with a fiscal year beginning July 1.

Presubmission Activity

In June, THEC sends formula change request forms to the system offices. Instructions are issued by THEC in September based upon guidelines worked out by THEC and the Division of Budget (DOB). Formulas are updated annually by THEC on the basis of input from a biennial cost study, from institutional representatives, and from members of the Special Committee on the Higher

Education Formula and the Formula Advisory Committee. During the presubmission phase, THEC and the institutions communicate informally as problems arise.

Institutional Appropriation Requests

Campuses submit separate requests, and the identity of each campus remains clear throughout the budgetary process. Requests are submitted to THEC in late summer. DOB does not receive individual institutional requests. THEC submits a request consolidating institutional requests and THEC recommendations to DOB and the legislature by November 1. Formula computations generate the largest part of the institutional requests. The institutional requests contain amounts by four functional categories. Educational and general expenditures, the largest category, is further disaggregated by 10 subfunctions.

Review and Analysis

THEC has approximately two weeks, in late September and early October, to review institutional requests prior to THEC hearings. The focus of THEC review is on additions to the budget base. The fact that the appropriation request is formula-generated makes it possible to perform the bulk of the review and analysis in two weeks. DOB fits higher education's needs into the governor's totals, working closely with THEC in the process. Legislative staff focus on specific legislative interests, such as formula improvement factors, faculty salaries, and medical education.

Hearings

THEC conducts public institutional hearings on a regional basis, beginning in early October and continuing for approximately two weeks. Local legislators and administrators are encouraged to attend. Most questions which arise during THEC review are held until staff hearings conducted at THEC offices when each institution meets separately with THEC staff for discussion of its appropriation request. THEC attempts to provide a rough analysis approximately three days before the hearings so that the institutions can prepare written statements. In late October, the THEC staff presents recommendations to its Commission in a public meeting. DOB hearings are held in November. Legislators attend and participate actively.

Governor's Budget

The governor's budget is submitted prior to legislative hearings, by January 15 in non-election years and March 1 in election years. Recommendations are in lump-sum format, by institution. The appropriation bill is drafted by the governor's Department of Finance and Administration.

Legislative Hearings

Legislative hearings are held from February through April by the substantive Education Committees in both houses, by the Finance, Ways and Means Committee in both houses, and by the Fiscal Review Committee. The Senate and House Finance, Ways and Means Committees and the Fiscal Review Committee may sit jointly for appropriations hearings, usually in February. The Department of Finance and Administration is represented at joint

legislative budget hearings, often by the Commissioner. THEC represents higher education. Systems' staff and institutional presidents may be present. The hearings on higher education last approximately one-half day in each case.

Appropriation Bills

Appropriation bills are introduced in both houses. An ad hoc conference committee on appropriations appointed by the speaker of each house is appointed so that differences may be resolved as needed. Funds are appropriated to individual institutions by lump sum.

Control and Veto

There are few controls over institutional budgets once appropriations are made. The governor has item reduction veto authority. The General Assembly has the option of attempting to override the bill in toto, or in attempting to override individual items that the governor has altered. At this point in time, legislators do not have the option of adjusting the figures to a middle position; they must either accept the figures as originally enacted, or accept the figures as adjusted by the governor.

TEXAS

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Coordinating Board, Texas College and University System was established in 1965 and serves as the statutory coordinating agency for postsecondary education in the state. Under law, the Coordinating Board has responsibility for central control and coordination of all public institutions of higher education in the state. The Board is composed of 18 members representative of the general public who are appointed by the governor with Senate confirmation for six-year overlapping terms. The Board has statutory responsibility for approving or disapproving all degree programs and off-campus activities for public junior and state colleges and universities. The Board is responsible for authorizing elections to create public junior college districts and the adoption of standards for the operation of public junior colleges. Texas does not have an office of secretary of education and the Coordinating Board does not function as a cabinet department. The executive officer of the board is appointed by the Board and serves at its pleasure.

Institutional Governing Boards

There are now 47 public junior college districts in the state which operate 56 separate campuses. There are 16 statutory governing boards for senior institutions, half of which have responsibility for more than one institution and half for a single institution. Boards responsible for more

than one institution and the number of institutions they govern are: (1) the University of Texas System--four universities, three upper-level institutions, three health science centers, one medical branch and other research units; (2) Texas A&M University System--three senior institutions, one medical school and one college of marine resources; (3) University System of South Texas--one university and two upper-level institutions; (4) Texas Tech University--one university and one medical school; (5) Board of Regents, Texas State University System--four universities; (6) Lamar University--one university and two lower-division centers; (7) East Texas State University--one university and one upper-level center; (8) University of Houston System--two universities and two upper-level institutions; (9) North Texas State University--one university and one medical school; and (10) Pan American University--one university and one upper-level institution. The Boards of the following universities govern single institutions: Texas Southern, Midwestern State, Texas Woman's, West Texas State and Stephen F. Austin State University.

1202 Commission

The Coordinating Board serves as the 1202 commission. To assist and advise the Board in fulfilling its postsecondary education planning functions, an advisory committee is appointed, with a chairman, who is a member of the Coordinating Board, and 10 members. Five members are institution presidents and represent different types and levels of public and private institutions; the other five members are the commissioner of education, the commissioner of higher education, the executive director of the Advisory Council for Technical-Vocational Education, the assistant administrator of the Texas Employment Commission, and a representative of the Texas Student Association.

State Board for Vocational Education

The State Board of Education, functioning ex officio as the State Board for Vocational Education, has responsibility for administration of programs relating to vocational-technical education in Texas' public community colleges, Texas State Technical Institute, and other public postsecondary institutions. The Coordinating Board has coordinating responsibility for the community colleges within which postsecondary vocational programs are offered. The Advisory Council for Technical-Vocational Education, with 21 citizen members, has wide-ranging advisory responsibilities including evaluation of programs, recommendations for the creation of new programs and curricula or improvement of existing efforts, and recommendation of methods of funding vocational-technical programs.

PART II: BUDGETING PROCESS

Formulation of higher education operating budgets in Texas is characterized by: (1) the use of over 20 years of designated formulas which generates about 76 percent of the budget requests of the senior institutions; (2) very close personal and professional relationships among the staff of the three state agencies with primary budgetary responsibility; (3) joint executive and legislative staff hearings at institutions on initial requests; and (4) an equal balance of power between the executive and legislative branches. Texas has a biennial budget with a fiscal year beginning September 1 of odd-numbered years.

Presubmission Activity

Budget instructions are issued jointly by the Governor's Budget Office (GBO) and the Legislative Budget Board (LBB) in March, and include the formulas previously designated by the Coordinating Board (CB) in January. Formulas are developed by some 15 advisory formula study committees, made up of some 115 to 200 institutional representatives and lay citizens, with CB staff liaison. Recommendations of the advisory committees and of CB staff are reviewed and formulas designated at a formal CB meeting.

Budget Requests

Campuses submit separate requests, and the identity of each campus remains clear throughout the budget process. First drafts of requests are submitted in July and final requests in October. Requests are submitted to GBO, LBB, and CB, although the latter does not have a formal budgetary review role following formula designation. Formula computations generate the largest part of the institutional requests, but special items usually add needs which fall outside the designated formulas.

GBO and LBB Joint Staff Hearings

Following the submission of first drafts of institutional requests, GBO and LBB conduct joint hearings at the institutions from July through September. Hearings vary in length, generally lasting a day for major institutions. Hearings focus on the needs of the institutions. CB staff attend these hearings as observers.

Review and Analysis

CB staff limit formal review and analysis to formula study committee recommendations. Although CB uses institutional role and scope determinations in the review of new academic programs, there is no formal or structured relationship between program approval and operating budget formulation. Programs not approved by CB cannot be funded. GBO and LBB rely on the role and scope determinations in analysis of budget requests. The staffs generally use institutional comparisons to revise factors in the designated formulas, and rely on information furnished by CB staff.

Governor's Budget

The governor's budget is submitted in December prior to legislative hearings. It is functional in form, aggregating institutional requests according to the 12 designated formulas, and separately stating the special items. The governor does not submit a budget bill.

Legislative Hearings

LBB issues legislative budget estimates. Beginning in February, institutional budget requests are heard separately by both houses, each institution having an opportunity to present its request. Hearings focus on the needs of the institutions; special items may be requested for projects not included within the formula structure.

Budget Bill

After hearings, LBB staff draft separate budget bills for each house. After passage of bills in each house, differences are resolved by a conference

committee, resulting in a single bill for all state services. Institutional appropriations are in functional format, with additional lines for specific objects of expenditure and organizational units.

Control and Veto

Legislative intent and restrictions on transfer are stated in the appropriation bill. Transfers between such items as faculty salaries, libraries, and special items are controlled. The governor has line-item veto authority, but cannot reduce appropriations within lines.

VIRGINIA

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The State Council of Higher Education (SCHE), established in 1956, serves as the statutory coordinating agency in the state. The Council consists of 11 members appointed by the governor with confirmation by the legislature. All members represent the general public and serve four-year terms of office. The Council has statutory responsibility for planning and coordination, and program approval for public senior and junior institutions. The Council has responsibility for the development of all budget guidelines and formulas. In addition, the Council reviews institutional budgets and makes budget recommendations for all public institutions. Virginia has a statutory office of secretary of education established in 1972. The State Council of Higher Education is not a cabinet department and the executive officer of the Council is appointed by and serves at the pleasure of the Council.

Institutional Governing Boards

The State Board for Community Colleges has statutory authority for 23 public junior colleges under the coordination of the Council. There are 13 other institutional governing boards in the state. The statutory boards are the Board of Visitors of Christopher Newport College, George Mason University, Longwood College, James Madison University, Mary Washington College, Old Dominion University, Radford College, Virginia Commonwealth University, and the Virginia Military Institute. Norfolk State College, Virginia

Polytechnic Institute and State University, and Virginia State College each have constitutional governing boards for single senior institutions. The Board of Visitors of the College of William and Mary has constitutional governing authority for one senior and one junior public institution. The Board of Visitors of the University of Virginia has statutory authority for two senior public institutions.

1202 Commission

The Council of Higher Education serves as Virginia's 1202 commission.

State Board for Vocational Education

The State Board of Education is the State Board for Vocational Education. All less-than-baccalaureate occupational programs, including the area vocational schools designed as postsecondary, are within the planning and coordinating jurisdiction of the State Board for Community Colleges and the Council of Higher Education.

PART II: BUDGETING PROCESS

Formulation of higher education operating budgets in Virginia is characterized by: (1) the close working relationship between the executive and legislative branches as manifested in the Budget Advisory Board and the use of executive budget office staff by the legislative fiscal committees; (2) a decentralized system of higher education institutions, each with its own board of visitors and substantial budget autonomy; and (3) the shift from a process dominated by the budget office and institutional staffs to a process with more significant roles for the State Council of Higher Education

and the legislative staffs. Virginia has a biennial budget with the fiscal biennium beginning July 1 in even-numbered years.

Presubmission Activity

Formal guidelines for developing budgets are worked out between the Department of Planning and Budget (DPB) and SCHE. These are incorporated as an appendix for higher education institutions to the Budget Manual issued to all state agencies by DPB. The institutions also submit enrollment projections and new academic program proposals to SCHE for approval. On the basis of the approved guidelines, enrollment projections, and the new programs, the institutions prepare programmatic proposals to describe proposed services and to indicate multi-year (three biennium) program forecasts of fiscal, personnel, and facility resource requirements. Historical information on revenues, expenditures, appropriations, and positions is provided as a basis for the forecasts. The secretary of education, DPB, and the governor evaluate the programmatic proposals and develop target figures to be used by the institutions in the preparation of resource requests for the next biennium.

Budget Requests

Each institution submits a resource request in program format to DPB with copies provided to SCHE and the legislative staffs. The institutions must utilize the target figures in preparing their resource requests for the next biennium. The requests describe the fiscal and personnel requirements for levels of service (current, changed, or new). Institutions may submit for consideration additional or addendum requests over and above the target figures.

Executive Review and Analysis

The governor, the secretary of education, and DPB evaluate institutional resource and addendum requests and develop recommendations for fiscal and personnel requirements for programs. Concurrently, SCHE develops its own personnel and fiscal recommendations which may influence the governor's recommendations as embodied in the executive budget submitted to the legislature.

Budget Bill

Based on the information developed for the executive budget, the governor, the cabinet secretary, and the Department of Planning and Budget prepare the budget bill, in which recommendations are made for appropriations for the programs of institutions of higher education. Funds are appropriated by institutions for four major program areas: educational and general programs; auxiliary enterprises; sponsored programs; and student financial assistance. For some institutions, special items are inserted for the operating expenditures of teaching hospitals or other programs. The bill includes central contingency appropriations to the governor for salary adjustments and unbudgeted cost increases for all state agencies including institutions of higher education.

Legislative Consideration of the Budget Bill

The two legislative fiscal committees dealing with appropriations conduct joint public hearings on the governor's proposed budget in early January, immediately after the bill is introduced. The cabinet secretaries are asked to present an overview of the governor's proposals at those hearings. The

House Appropriations Committee then proceeds with its review of the budget bill in public hearings held during January and early March. The bill is then considered by the full House and passed to the Senate for its consideration. The Senate Finance Committee holds hearings to consider the bill as passed by the House. Institutions and SCHE may be requested to testify before the House Appropriations or Senate Finance Committee during their respective proceedings.

Control and Veto

The budget bill contains specific control language applicable to higher education institutions, and authorizes the governor to reduce appropriations within revenues in order to maintain a balanced budget. This has seldom been required, however. DPB exercises control over the central contingency appropriations referred to above, and approves expenditure plans and allotments within the maximum appropriation. The governor has line-item veto authority, which rarely has been exercised.

WEST VIRGINIA

PART I: STATE STRUCTURE

State-Level Coordinating and/or Governing Agency

The Board of Regents, established in 1969, serves as the statutory governing authority for a total of 15 public institutions in the state: three community colleges and 12 senior colleges. The Board is composed of 10 members, nine appointed by the governor with Senate confirmation, the state superintendent of schools serving in an ex officio non-voting capacity, and the chairpersons of the faculty and student councils (voting). Nine members represent the general public and all serve six-year terms of office. The Board has statutory responsibility for planning and coordination for public junior and senior institutions. In addition, the Board has statutory responsibility for program approval, institutional budget review, and making consolidated budget recommendations for public senior and junior institutions. The state does not have an office of secretary of education and the Board does not function as a cabinet department. The executive officer of the Board is appointed by the Board and serves at the pleasure of the Board.

1202 Commission

The Board of Regents serves as the 1202 commission. The Board is augmented to include three representatives of public vocational-technical institutions (chairman of State Advisory Council on Vocational Education and two members of the State Board of Education), two representatives of private nonprofit institutions, and one member representing proprietary schools.

State Board for Vocational Education

The State Board of Education is the State Board for Vocational Education. Less-than-baccalaureate occupational education programs are offered both in area vocational schools under the jurisdiction of the State Board of Education and in institutions under the jurisdiction of the Board of Regents.

PART II: BUDGETING PROCESS

Presubmission Activity

The annual budget cycle in West Virginia begins in late May as Board of Regents' staff prepare draft guidelines and general instructions for the fiscal year beginning 13 months later. In early June, these preliminary guidelines are reviewed with the Board Budget Committee members, the Advisory Council of Presidents, and the Advisory Council of Faculty. By the second week in July, the budget request documents are approved and sent to the colleges and universities.

Institutional Requests

By the first week in September, the Board has received complete budget request documents and narratives from each institution. In general, the request format follows the functional areas specified in the National Association of College and University Business Officers (NACUBO) guidelines, along with line-item categories.

Board Review and Recommendations

Upon receiving the institutional requests, the Board staff reviews them and presents this review to the Board Budget Committee. The results are shared with the individual college presidents. By the third week in September, hearings are held with each institution. These meetings are short and involve the president, chief financial officer, a faculty representative, and others as the president may determine.

The results of the analysis of the institutional documents and hearings are presented to the Board Budget Committee prior to the October Board meeting. At the October meeting, formal action is taken on the state system request. By mid-October, the Board submits a consolidated request to the State Department of Finance and Administration. This submission is now on a zero-based format which requires that the Board construct three different budgets--one assuming a specified cut in financing compared to last year, one assuming only inflationary increases, and one which allows for inflation plus improvement funds.

Governor's Budget

In the first part of November, hearings are held by the commissioner of finance and his staff, the Board of Regents staff, and the Board Budget Committee members. Only occasionally do institutional leaders participate, although representatives of special programs, such as medical schools, are likely to attend. Before Christmas, the annual budget request is completed and presented to the governor. This forms part of his state-of-the-state address made in early January.

Legislative Hearings

The Board's budget request is presented formally to the House and Senate Finance Committees by early February. Committee and sub-committee hearings are held from February through the first week in March. The Board staff usually represents higher education, and individual institutions normally are not called.

Appropriation Bill

The legislature usually acts by early March on the budget bill, which is signed into law by the end of the month. The bill appropriates funds to the Board of Regents for the consolidated system according to personal services, current expenses, repairs and alterations, and equipment. Funds for special items, such as medical schools and the Regents' Central Office, are earmarked specifically for those programs.

Allocation

Assuming that the appropriations bill represents a change in the original Board request, the Board staff drafts allocation guidelines by early April. These draft guidelines are reviewed by the Board Budget Committee, the Advisory Council of the Presidents, and the Advisory Council of Faculty. These allocation guidelines address salary policy and other personnel and operational issues. The full Board of Regents acts on the college and university budgets at the April Board meeting. Letters are sent to each institutional president, indicating the funds allocated and priorities for their expenditure. By June 15, the institutions submit two budgets to the Board, one which

corresponds to the state line-item expenditure schedule and a second which relates to the format required by the Board. The institutions are required to update these budgets through the upcoming fiscal year. The Board monitors these budgets quarterly.

SOURCE NOTES

Three general sources were used in compiling the state profiles: State Postsecondary Education Profiles Handbook, 1979 Edition, Education Commission of the States, National Center for Higher Education Executive Officers Association; Lyman A. Glenny, et al, State Budgeting for Higher Education: Data Digest, Center for Research and Development in Higher Education, University of California, Berkeley, 1975; unpublished data from a current National Center for Higher Education Management Systems project.

Additional information for the profiles was provided by staff of the following offices or agencies: Alabama Commission on Higher Education; University of Alabama System Office; Arkansas Department of Higher Education; Florida Senate Committee on Ways and Means; Florida House of Representatives Committee on Appropriations; Board of Regents of the University System of Georgia; Kentucky Council on Higher Education; Louisiana State Board of Regents; Louisiana Legislative Council; Maryland Board for Higher Education; Maryland General Assembly, Department of Fiscal Services; North Carolina Legislative Services Office; South Carolina Commission on Higher Education; Tennessee Higher Education Commission; Texas Legislative Budget Board; Virginia House of Delegates Appropriations Committee; West Virginia Board of Regents.

The regional overview is based on Education Commission of the States, "Higher Education in the States," Vol. 7, No. 5, supplemented by additional information from staff of the respective higher educational state agencies.